The Sentinel

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New Distribution Format for The Sentinel

The last time we distributed *The Sentinel*, we discovered, much to our chagrin, that we used a typeface in the masthead and footer that is not universally available on State computers. What we had thought to be a fairly attractive and legible document at dispatch we found could, depending upon the fonts available to the reader, be barely decipherable upon arrival at its destination. Loyal to our original aesthetic standards, we have decided to preserve the look of *The Sentinel* by distributing it in .pdf rather than .doc format. (We do admit to some additional, minor format changes such as using a slightly larger body font and introducing separate second sheet headers.) The .pdf format requires the Adobe® Reader® for viewing and printing. This format is so common today that we find most people already have it installed on their computers. If you do not have the Adobe® Reader®, you can download for free it from the Adobe® website at http://www.adobe.com/products/acrobat/readstep2.html

New Security Forms Made Available

The Forms Themselves

The revisions to the GAO Security request forms have been completed and are available in one or more of the following formats:

On our GAO website as static forms (print only)

As an Excel document that you may request. Please remember that if you use the electronic versions and make any changes, those changes must be approved by the GAO prior to use by your agency.

The GAO-3, GAO-9 and GAO-96 are available on our GAO website as interactive forms (fill out the information on-line and then print). Though conveniently interactive for entering data, the printed document, originally signed and dated, must, except in emergencies, be sent to the GAO Security Group via inter-agency mail to be accepted.

We are also in the process of updating the instructions associated with these forms. Section II-K of the State of Arizona Accounting Manual will be updated in the future with the new forms, revised instructions, and any other changes in the security policies which may come about as HRMS is replaced with the new HRIS system.

New Security Forms Made Available (Continued)

Major Changes to the Forms

Warrant Authorization Card Application (GAO-9) – prior form dated 2/97

Added "Name Change" category to request types
Added a field to indicate the card number (previously shown only under the cancellation requests area)
Added fields for the AFIS and HRMS/HRIS user IDs if the applicant has access to these systems (even if only for inquiry access)
Addition of fields for Security Administrator's email and work phone number
Addition of check boxes for the most common types of cancellation requests
Other changes were made in the area used by the GAO to evaluate the request

Signature Authorization (GAO-3) – prior form dated 6/97

Addition of the expiration date field to be used by the GAO in the future
Change in the first request checkbox from "Current Update/Cancel All Prior" to "Current Update Only". This is used for those requests where there is a new addition or deletion of one or more signers, or when there is a change to a signer's authorization.
Change in the second request checkbox from "Cancel Prior Authorization Dated:" to "Cancel Prior Authorizations (specify all or section)". This is used when a new form is submitted for all signers within an agency (such as when there is a change in Agency Head) or when a specific division or area of the agency has been re-organized.
The employee's signature column was defined to also sign initials if used in approving documents (rather than signing the entire name).
The final approval authority was changed from "Director" to "Agency Head"
Changes to the Authorization Key at the bottom of the form as follows:
AFIS #100 changed to restrict AFIS Security Administrator Signature Authority from all AFIS signature approval
AFIS #113 added for Warrant Card Approval authority (if someone other than the Agency Head is designated)
AFIS #114 added for Warrant Cancellation and ACH Reversal approval
HRMS/HRIS #200 changed to restrict HRMS/HRIS Security Administrator Signature Authority from all HRMS/HRIS signature approval
HRMS/HRIS #210 added for Warrant Card Approval authority (if someone other than the Agency Head is designated)

New Security Forms Made Available (Continued)

HRMS Security Authorization (GAO-97) – prior form dated 9/97.

In light of the fact that this form will be used on a limited basis (if at all) after the go-live date with the HRIS system, very few modifications have been made to it.

Addition of 2 check boxes for Control-D access for HRMS forms
Change in the listing of Non-System 'A' agencies
Changes at the bottom of the form for GAO use only
Addition of the disclosure statement as to the purpose of Social Security numbers being required for new user access.
Addition of the comments section for additional information that may be needed to clarify a request.

AFIS Security Authorization (GAO-96) – prior form dated 2/97.

This form has received the most significant changes of all.

Data Query and TSO boxes were moved
New checkbox added for Control-D
New checkboxes for vendor file (screens 5150 and 5200) and form print access. These functions are not associated with any particular user class, so it seemed more appropriate to move the request to a checkbox.
Removal of the Agency Director signature line and changed the Security Administrator signature line to allow for the signature of the Agency Director if the Security Administrator is not available.
The temporary request date range was moved to just under the approval signature section.
Addition of a new disbursement method (DM) indicator box.
The screen access has been separated to a new box. This is another area where the access is not associated with any particular user class, so the change was made. Normally if an agency will request access for a user to add or change the Index structure, for example, the user will be given this access in all of the user classes they have.
Addition of the comments section for additional information that may be needed to clarify a request.
Change in the description of the fund override column (F) to add the new invoice validation override codes. (Fund override now requires GAO approval.)
Removal of the vendor file access description previously found at the bottom of the form. Because the agencies have access to only view the vendor file, it is unnecessary to indicate the other types of access.
Removal of the form print descriptions.

For any questions related to the new forms, please contact the GAO Security Group at 602-542-5600.

(602) 542-5600   **gaosecurity@ad.state.az.us**

Separation of Duties

In the professional literature, it is axiomatic that no single individual should have complete control over any accounting transaction. Breaking such transactions into component steps – input, release, distribution, etc. – and having different individuals perform different steps is a way of making sure that no one person has complete control. This process of componentization and the assignment of responsibility for different component steps to different individuals is generally referred to as the separation (or segregation) of duties.

Separation of duties is an internal control. Internal controls consist of a plan of organization and a set of procedures to monitor assets, prevent fraud, minimize errors, verify the correctness and reliability of accounting data, promote operational efficiency and effectiveness, and assure compliance with laws and policies. Agency management is responsible for implementing and maintaining an adequate system of internal controls. In addition to its effectiveness, since it more involves the redistribution of existing work than the creation of new work, separation of duties is often the most efficient and economical (though, admittedly, not always the most convenient) internal control that can be applied to a certain function.

When adequate separation of duties cannot be maintained, other procedures, known as compensating controls, can be implemented. These procedures are inherently less effective and efficient than separation of duties in that they are often applied after-the-fact and almost always involve the creation of new work, rather than the mere redistribution of existing work.

The benefit of an effective and efficient system of internal controls should and most often does outweigh its cost. According to the Institute of Internal Auditors, adequate internal controls, such as separation of duties, have been found to cut fraud in half.

David G. Coderre, an international authority on fraud and other white-collar crimes, maintains that 10% of people will never commit fraud, 80% will commit fraud under the "right circumstances" and 10% actively seek opportunities for fraud. Separation of duties is an effective technique for reducing the "right circumstances." It is important to note that this technique is, indeed, focused on circumstances; in other words, it concerns itself with operations and processes, not necessarily with the people who perform the operations and processes. Separation of duties is situational, not personal.

Separation of duties is important because it protects all parties to a financial transaction. In the case of State Government, there are three types of parties to a financial transaction: the State itself (or, more specifically, the agency functioning as a unit of State Government), agency management, and the agency personnel directly involved in the processing of a transaction (agency management may at times find themselves in the position of processing transactions as well).

Separation of Duties (Continued)

In the case of the State itself, separation of duties reduces the risk of misuse or misappropriation of the assets entrusted to its care. In that agency management may be held liable for the misuse or misappropriation of assets, it is certainly in management's interest to reduce such risks. If there is suspected misuse or misappropriation of assets, proper separation of duties reduces the opportunity for, and hence the suspicion of, wrongdoing with respect to those directly involved in the processing of certain transactions.

So, separation of duties benefits all involved.

When a request comes to GAO Applications Security – whether that request is for the authority to perform a certain function within an automated accounting system or the authorization to pick up warrants – it is evaluated and granted, or denied, with an intent to maintain appropriate separation of duties. It is within this framework that alternative assignment of duties is suggested and that compensating controls such as risk notification and assumption letters are proposed.

ADOA-ISD Security Website

As you may know, GAO Applications Security and ADOA's ISD Security work together in processing AFIS and HRMS access requests.   ISD maintains a website – www.security.state.az – which contains a wealth of useful and interesting information for agency security administrators. The *Security Policies, Standards & Best Practices*, the *Security Awareness Program*, and the *Hoaxes/Viruses* pages are all more than worth the price of admission.

In addition to valuable security-related information, the ADOA-ISD Security website has downloadable *Sharing Non-Disclosure* and *Confidential Verification Word* forms available. As a reminder, once completed, these forms should be sent (100 N. 15th Ave., Ste. 400, Phoenix, AZ 85007) or faxed ((602) 542-0095) directly to ISD, not to GAO Applications Security.

Whatnots

Security Administrator Technical Assistance

We had tremendous participation in the security administrator technical assistance sessions. This afforded us an opportunity to help round out the knowledge of agency security personnel. It also allowed agency and GAO personnel to meet each other and to develop a better understanding of how we could cooperate to better serve the State of Arizona.   The experience of Anita Kleinman, the facilitator, enabled her to provide authoritative responses to the most difficult of questions.

(602) 542-5600   **gaosecurity@ad.state.az.us**

Whatnots (Continued)

Evidence of Increased Control D Use

Reflecting and supporting the State's effort to reduce paperwork by handling more reporting electronically, we are pleased to report that requests for Control D access have dramatically increased during the past several months.

New Email and Phone Successful

We have experienced great success with our new phone number, **602-542-5600**, and email address, **gaosecurity@ad.state.az.us**. Their use has resulted in more efficient operations for us and better service for our customers. Thanks to all our customers for working with us to improve State Government.

Electronic Communication Encouraged

Most agency security administrators are receiving *The Sentinel* and other security information electronically. We would all benefit from 100% participation. If you know any security administrators who are not receiving *The Sentinel*, please ask them to send their e-mail addresses to the gaosecurity@ad.state.az.us so they can be added to the contact list.

Fund Override AFIS Rights Being Evaluated

As part of our continuing efforts to improve security, we are reviewing and updating our files with respect to fund overrides. User classes that have traditionally been given fund override are being reviewed to determine whether such authority is appropriate to and required for the user class. Some user classes will be altered. No action on the part of agency security administrators will be necessary.

What Do You Want to Read?

Do you have a particular security or internal controls topic you want to see discussed in print? Do you have information related to internal controls that you want to share with other security administrators? If so, let us know at gaosecurity@ad.state.az.us and it may be included in an upcoming edition of *The Sentinel*.